



2013

SERVICE RULES AND REGULATIONS

LOUISVILLE WATER COMPANY

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1.0 WATER SERVICE AND METERS

1.01 General Policies

1.01.1 Application of Rules - All water service shall be governed by these rules and regulations as stated or as amended by the Board of Water Works. The rules and regulations shall be strictly and impartially enforced by the Louisville Water Company (LWC) officers, employees and the Board of Water Works. Variances from these rules and regulations must be authorized by the Chief Engineer or his designee with documentation of the variance filed with the Corporate Secretary.

1.01.2 Violation of Rules - Any customer violating or permitting violations of the Company's rules and regulations governing the introduction, supply and consumption of water will be notified thereof, in writing. The notification of violation will be delivered by hand or by certified mail. If the customer then fails or refuses to comply immediately with the order of the Company, the Company may terminate the water service. The Company retains its right to recover all costs incurred because of such violation and to report violations of law. Water service will not be restored until the rule violation is corrected, satisfactory arrangements have been made to recover all costs incurred as a result of the violation, and satisfactory assurance is given that future abuses will not occur. In the case of persistent violation and disregard of the Company's rules, the service attachment, corporation stop or ferrule, may be withdrawn from the distribution pipe and the supply wholly discontinued.

1.01.3 Water Quality - The Company will meet all State and Federal standards and / or any other applicable governmental laws and regulations for drinking water. However, the Company is not and cannot be responsible for the quality of its product once such product leaves its system and passes a point beyond its control.

The Company expressly reserves the right to disconnect, confiscate unauthorized devices, and / or discontinue water service or any other connection with or without notice where the Company discovers, finds or is otherwise made aware of any such installation that poses a threat to the public water supply, public health or public safety.

1.01.4 Water Supply - The Company cannot guarantee a specific water pressure, quantity or an uninterrupted supply of water. The supply will be as free from interruptions as is possible. The supply and pressure in the public water system may be affected by main breaks, scheduled repairs, alterations, additions, fire hydrant usage, variations in hydraulic performance and acts of God.

1.02 Application / Eligibility

1.02.1 Eligibility for Service - Except as permitted under Service Rule 1.07, a property is eligible for water service only when it abuts a public right-of-way, public water easement or other public utility easement within which a Company water distribution main is located.

1.02.2 Application for Service - Applications for service attachments to distribution pipes must be made by the owner of the premise to be served or by the owner's agent as authorized in writing. When requested by the Company, the applicant must, as a prerequisite for the granting of the application, provide proof of ownership or written authority to act as an agent for the owner, state fully and truthfully all purposes for which the water is requested and sign a required application for such service. Applications will be reviewed to determine eligibility and may be

denied. Examples of ineligibility may include, but are not limited to, reasonable suspicion of identity theft, insufficient required paperwork or permits, and / or inadequate hydraulic capacity.

- 1.02.3 Payment of Fees / Charges - Upon approval of an application, service will be scheduled upon receipt of applicable fees and charges related to obtaining service and payment of all other outstanding bills or charges from another address where service was provided and was the responsibility of the applicant. Any additional charges or refund on accounts will be made to the person or business named as account holder.

1.03 Retail Water Service

- 1.03.1 Service Installation - Upon proper application for its service, the Company shall furnish and install (if not already present), at the applicant's expense, that portion of the service line from the Company's distribution main to the applicant's property line or easement line including necessary appurtenances.

- 1.03.2 Plumbing Permits - The service will not be installed until the applicant obtains and submits copies of all necessary approvals and permits from the local plumbing inspection office and health department. Plumbing permits may be obtained from the following agencies:
- Bullitt County Health Department (for property in Bullitt County)
 - State Department of Housing, Division of Plumbing (for property in Jefferson County)
 - Oldham County Health Department (for property in Oldham County)

- 1.03.3 Charge for Service - There shall be a flat service installation fee under typical construction conditions for the following:

¾" domestic services	1" domestic services
1½" domestic services	2" domestic services
1" two-way domestic service	¾" irrigation retrofit
1" three-way domestic service	1" four-way domestic service
4" fire service	6" fire service
8" fire service	

The Company may also establish service installation fees for other services as determined by the Company. For non-typical service installations, the Company reserves the right to charge the actual costs of installation (e.g. rock, multi-lane roads, etc.). If, in the judgment of the Company, the above domestic water service line installation has unusual installation obstacles or shall be longer than 100 feet, then such services will be installed on an actual cost basis upon approval by the Chief Engineer or designee.

The amount of the flat service installation fee is approved by the Board and shall be published as the Louisville Water Company New Service Fee Schedule. Charges are determined from the estimated average cost of installations based on service size.

Any service for which a service installation fee has not been established shall be installed on an actual cost basis. The installation fee or deposit based on the estimated cost will be taken at the time of application.

1.04 Types of Services Available

Unless specifically authorized in Rule 1.09, 1.15.4, 1.15.5, or 2.01.4, only one domestic, one fire and one irrigation service shall be provided into a premise unless the Chief Engineer, or designee, approves the customer's demonstrated need for additional service and appropriate backflow prevention is installed as approved by the Company as required in Rule 2.01.1.

- 1.04.1 Domestic Service – A domestic service is defined as a water service to provide water for potable purposes. A domestic service shall be the only source used in filling swimming pools.
- 1.04.2 Fire Service – A fire service is defined as a water service to provide water for fire protection or firefighting purposes and it is not for potable use.
- 1.04.3 Irrigation Service – An irrigation service is defined as a water service to provide water for irrigation of vegetation. An irrigation service shall not be used as a source to fill swimming pools or for any other sanitary or potable use and none of the water shall be discharged into the sanitary sewer system.
- 1.04.4 Combined Residential Domestic / Fire Service – A combined residential domestic / fire service is defined as a fire sprinkler system that complies with the most current version of NFPA 13R combined with a domestic service for residential customers.
- 1.04.5 Combined Commercial Domestic / Fire Service – A combined commercial domestic / fire service is defined as a commercial limited area fire sprinkler system that complies with the most current version of NFPA 13R and 13D, combined with a domestic service for commercial customers.
- 1.04.6 Livestock Service – A livestock service is defined as a water service to provide water to livestock and other animals, poultry, etc. that are domesticated. A livestock service shall not be used as a source to fill swimming pools or for any other sanitary or potable use and none of the water shall be discharged into the sanitary sewer system. The private service piping for a livestock service shall provide backflow protection in accordance with LWC's backflow prevention standard.

1.05 Location of Meter / Responsibility for Service

- 1.05.1 General - The Company shall own and maintain the water meter, meter vault and service line from the water main to and including the meter assembly in the meter vault and the tailpiece extending to the customer's property service connection. The customer shall own and maintain the private service line between the property service connection and the premise. In addition, the customer owns and maintains the union between the tail piece and the private service line.

All persons who are not LWC employees or LWC authorized contractors are prohibited from accessing the meter vault and its contents including the meter and its appurtenances except in case of an emergency shut off of the service. The Company may pursue legal action against anyone illegally accessing its facilities, including the meter vaults.

Location of Meter / Service - Meters shall be generally installed in vaults located in the right-of-way or public easement area as near as possible to the customer's property line or easement line. Water service pipe and meters shall generally be installed so that the service pipe and meter are perpendicular to the water main. Given this limitation, and except as set out below, the water

service pipe and meter installed by the Company shall be at a location agreed upon between the Company and the applicant. Where service is installed, the location shall be as designated below (in order of priority):

- a. Location of previously installed service sleeve, or
- b. For a corner lot, in the middle of the premise on the side of the property closest to the water main (no stake card present and no previously installed service sleeve) unless customer has agreed to pay for actual cost of installation, or
- c. Location of private service lines installed prior to the meter / service installation (if no previously installed service sleeve), or
- d. Location of stake card, provided by the Company, attached to a stake, placed on site by the applicant, or
- e. The location marked on the service application (if no stake card present), or
- f. The center of the premise fronting the closest water main (if no stake card is present and the location is not marked on the New Service Application).

The cost of relocation of service pipes, vaults, and meters in a different location than the one determined by the Company as set forth above shall be paid by the applicant.

It shall be the responsibility of the applicant to maintain the card and stake at the proper location, if applicable, until the service pipe and meter vault are installed. Service installation is dependent on site accessibility to the property. Assuring accessibility is the responsibility of the applicant. The Company reserves the right to locate services without agreement where necessary.

Special Interior Meter Location - Where it is necessary to install an interior meter within a customer's premise, ample and suitable space, free from exposure to frost, shall be furnished to the Company by the owner of such premise wherein to set, read, and repair the meter. This space at all times shall be accessible to the Company's employees, which shall be unobstructed by the customer. Any damage incurred as a result of leakage within the customer's premise shall not be the liability of the Company. Where a meter is located within the customer's premise, the customer shall have available near the meter, facilities or equipment to drain or remove any water leakage from the meter or Company facilities.

- 1.05.2 Length of Service - Service lines greater than 100 feet in length from the main to the meter must be approved by the Chief Engineer or designee.
- 1.05.3 Customer / Applicant Obligation for Facilities - The applicant shall furnish and install the necessary private service line from the property line or easement line to the place of consumption and shall be responsible for the maintenance of the same.
- 1.05.4 Private Plumbing Facilities Maintenance Obligations - All premise owners, tenants, and customers shall keep their private service lines, water shut-off valves, and other plumbing fixtures in good repair and operating condition to preclude the public water supply from adverse risk or to prevent any contamination of the public water supply.
- 1.05.5 Re-Sale of Water - Water delivered by the Company shall not be resold except as permitted by the Company pursuant to a written agreement, including an application under Rule 1.06.3 to utilize a fill station.

1.05.6 Use of Water - Water delivered by the Company shall not be used in any way that might conflict with Company or governmental rules and regulations and customers should not waste water.

1.05.7 Relocation of Service Line - Customer will be required to pay for the installation of a new service and the cost to properly discontinue the old service when the customer requests relocation of an existing service line.

1.06 Meter Measurement Required of All Water Supplied

1.06.1 Meter Requirement - All water supplied by the Company shall be measured by meters installed and maintained by the Company for that purpose. Louisville Water Company shall issue all meter and service installation materials.

1.06.2 Unauthorized Water Usage - If it is determined that water is being used or taken without being metered or if an unauthorized bypass of a meter has been installed, the Company, at its discretion, will bill the responsible customer for the estimated amount of water usage. If the unauthorized water use continues or poses a threat to the safety of the public water supply, the Company may disconnect, confiscate the unauthorized device, and discontinue the water service to the premise as provided in Rule 1.13.2 with or without notice to the customer. The Company reserves the right to prosecute water theft in addition to the above actions.

1.06.3 Water Fill Stations - The Company may, at its option, provide fill stations to supply water to mobile tanks. Those wishing to use such fill stations must apply for an account with the Company stating the intended use of the water. Account applications will not be accepted for lawn chemical service, mobile vehicle washing or other activities involving potentially toxic or hazardous materials due to the following, which includes but is not limited to, potential hazards of back-siphonage and introduction of toxic or foreign materials into public water system.

1.07 Residential Water Service Through Private Easement

1.07.1 Meter Application Criteria – Upon application for residential water service the Company may allow such a property to receive metered water service through a private service line installed within a private water easement so long as the following criteria are met:

- a. Where installation of a public water main is determined by the Company to not be in its best interest.
- b. The property does not front a publicly dedicated right-of-way or public water main extension.
- c. The property proposed for service has been or will be developed as a single family residence.
- d. The applicant obtains a letter from the appropriate fire district indicating that the fire protection district has no objection to the installation of a domestic water service and service line to the property in question, and that the installation of a public fire hydrant is not required.
- e. The maximum length of the private water service line generally shall not exceed 1,000 linear feet, measured from the Company's meter, and shall generally not exceed 50 feet in elevation change from the Company's meter to the residence unless system capabilities can support a longer private service line of such a private water service installation or the applicant formally commits to installation of private water service improvements as directed by the Company.
- f. The property proposed for service must have available to it a minimum 10 feet wide perpetual private water service easement that permits the installation, maintenance, repair or replacement of a private water line extending from a public water main to the benefited property. A copy of the duly recorded easement document must be provided to the Company

- prior to application for service. The easement shall be that form approved by the Company.
- g. The property proposed for service must have a recorded declaration of restriction limiting further development until it abuts a public right-of-way or it abuts a water main extension within a publicly dedicated easement. A copy of the recorded declaration, in a form satisfactory to the Company, must be provided to the Company prior to the application for service.

- 1.07.2 Approval - Each written request for residential water service through a private easement will be reviewed on a case by case basis and be subject to approval by the Chief Engineer or designee.
- 1.07.3 Failure to Comply – Failure of the applicant to comply with the requirements set forth under Section 1.07.1 as approved under Section 1.07.2 is subject to water service shut off or discontinuance at the sole discretion of the Company with notice to the applicant.

1.08 Temporary Service / Meters

- 1.08.1 Application for Temporary Service - Upon proper application for a temporary service, the Company may issue a temporary service account and a temporary meter service assembly for use by the applicant in accordance with these rules. Applications for temporary services will not be accepted for lawn chemical service, mobile vehicle washing or other activities involving potentially toxic or hazardous materials due to the following, which includes but is not limited to, potential hazards of back-siphonage and introduction of toxic or foreign materials into the public water system. If the temporary service is used for fill tanks, vessels, or impoundments, the customer must operate the temporary service with a Reduced Pressure Principle (RPP) assembly back flow prevention device or air gap between the temporary meter service assembly and the receiving tank, vessel, or impoundment.
- 1.08.2 Temporary Account Period - Temporary service account permits may be issued for periods of up to twelve months in length, and the Company may issue renewals upon expiration of the permit period. At no time may a temporary service compromise the performance and safety of the public water supply system. Therefore, a permit may be issued for shorter durations and may be terminated prematurely if, in the judgment of the Company, the temporary service compromises the public water supply system. All temporary service meters must be returned for testing and maintenance at the end of the permit period.
- 1.08.3 Temporary Service Attachments - Upon approval by the Company, temporary services will be attached only to existing services or fire hydrants. When a fire hydrant is utilized, the permit shall be for only the fire hydrant specified by the attachment number on the application, and the applicant shall give notice of use of that fire hydrant to the appropriate fire district. For certain uses, such as road or pipeline construction, where more than one fire hydrant is involved, the temporary service permit may be written to cover multiple fire hydrants. The particular hydrants to be used must be specified by attachment numbers on the application. In case of multiple fire hydrants use, exact locations and addresses are required and the applicants shall give notice of use to the appropriate fire districts. This will allow LWC to inspect the fire hydrants for damages and proper functionality. The Company reserves the right to bill the customer for repairs and damages to any fire hydrants that are being utilized for the temporary service application.
- 1.08.4 Fees / Charges - Temporary services are subject to the following:
- a. non-refundable service charge

- b. daily service fee
- c. refundable deposit covering the cost of the meter assembly
- d. water consumption charge
- e. damages to the fire hydrant and / or temporary service meter assembly

The refundable deposit will be returned, less deductions for unbilled water consumption and any damage to the meter assembly, fire hydrants, and / or appurtenances used.

- 1.08.5 Company Removal of Temporary Service - The Company reserves the right to suspend or terminate temporary service applications and to remove, retrieve or confiscate a temporary service meter assembly, when necessary to enforce Company service rules when it otherwise endangers the public water supply, or for non-payment.

1.09 Multiple Unit Premises

- 1.09.1 General - Only one building shall be supplied with water from each service attachment, unless the buildings to be supplied with water are on the same property and owned by the same entity which shall be responsible for all water bills.

- 1.09.2 Multiple Units - Apartment houses, condominiums, patio homes, shopping strips, or other similar structures owned by one entity, and each having their own distinct physical address, may have separate service attachments. Each tenant will be responsible for their own water bill. Individual service attachments may be supplied to each premise provided that each individual unit has a direct perpendicular pathway to the public right-of-way or public easement that contains a water main. Individual service connections will not be installed for premises above or below the ground floor.

- 1.09.3 Master Meters - Master Meters shall be permitted to supply water to multiple premises, tenants, persons or structures providing the following criteria are met:
- a. Buildings or structures front dedicated right-of-way, roadways, or Company easements in which a public water main could be installed.
 - b. One person or entity will pay the water bill.
 - c. System Development Charge (SDC) will apply to all retail Master Meters.
 - d. SDC will not apply to Master Meters installed to supply Kentucky Division of Water (KDOW) regulated water distributors.
 - e. Master Meter private piping will not cross any public water main and shall not be located closer than five feet to a public water main other than the connection.

1.10 Customer's Shut Off Valve

Water customers, tenants or owners of premises into which service pipes have been introduced or installed are forbidden to operate the Company's shut off valves. LWC recommends that customers, at their expense, install shut off valves on every service line located at the first suitable point beyond the property or easement line. This shut off valve is to enable the owner, tenant, or customer to turn off the water in case of accident to the pipes or water fixtures on the premises.

1.11 Plumber License and Instructions

- 1.11.1 Plumbing Permit - Plumbers licensed under the laws of Kentucky, and with proper permits shall install pipes and fixtures or make connections or repairs to facilities of water customers of the Company and then only in accordance with the rules and regulations of the Company and all

applicable local and State plumbing codes.

1.11.2 Homeowner's Permit - Homeowners, with proper permits, may install pipes and fixtures or make connections or repairs to facilities only on their own property and then only in accordance to the rules and regulations of the Company and all applicable local and State plumbing codes.

1.11.3 On / Off Status of Service - Only Company representatives may change the status of a water service attachment or service meter.

1.12 Risk of Loss / Liability

1.12.1 Loss, Damage, Injury - The Company will not be responsible or liable for any loss, damage or injury to the customer or third parties arising out of or relating to the introduction of its water service onto a customer's premises.

1.12.2 Responsibility - Where the space beneath the sidewalk from the curb line to the property line has been appropriated to private use, the piping fixtures and water conveyed therein, and any such damage occasioned thereby, becomes the liability of such owner, occupant, tenant, or water customer.

1.12.3 Before You Dig (BUD) - Kentucky 811 - Prior to excavating, all persons must comply with the requirements of State and local law for locating and marking underground facilities. To reach Kentucky 811 or BUD dial 811.

1.12.4 Damage to Company Facilities - In all cases where any Company facilities are broken, cut, otherwise damaged or caused to leak by an act or omission performed by any third party, the Company shall make a claim and pursue collection against the responsible party(ies) for any and all actual costs for repairing and restoring the facility including, but not limited to, the cost of physical repairs, flushing the water supply system, and chemical treatment.

1.13 Discontinuance of Service

1.13.1 Discontinuance by the Customer - When a customer wishes to discontinue the water service account in their name, it shall be the customer's responsibility to notify the Company at its office by oral or written order to terminate such service. Only then will the customer be relieved of the responsibility for any future charges for water used through such service.

1.13.2 Discontinuance by the Company - The Company may discontinue a water service without notice if it poses a threat to the safety of the public water supply or if it is received through an illegal and / or unauthorized connection. The Company may discontinue a water service with prior notice for nonpayment of charges and fees.

1.13.3 Discontinuance of Fire Service - In addition Fire Service accounts cannot be discontinued and water turned off unless written permission is granted to the Company from the appropriate fire department.

1.14 Payment of Deposit, Bills, Fees and Other Charges

1.14.1 Service Deposit – A refundable Service Deposit approved by the Board of Water Works will be charged to and shown on the first billing statement or split between the first two billing statements of all customers applying for residential, commercial or industrial water service who:

a. have not had an account with LWC for three consecutive years; or

- b. have had a previous account in bad debt or bankruptcy status; or
- c. have had a service disconnected due to non-payment within the last three years of service.

The Service Deposit will not be required of a customer who:

- a. provides a valid letter of good credit from a previous water utility and / or
- b. provides adequate information to allow payments to be electronically drafted from their checking account via Electronic Funds Transfer (EFT).

The Service Deposit will only be refunded when:

- a. a customer closes the account and a sufficient credit balance exists to cover the full amount or a portion of the service deposit after the final billing of the account; or
- b. the customer has paid their bill in a timely manner for three consecutive years.

- 1.14.2 Late Payment Fee – Payment of bills are due monthly or bi-monthly by the end of the business day on the due date displayed on the water bill. If a customer refuses or neglects to pay the bill by the due date indicated, late fees approved by the Board of Water Works will be applied to the total outstanding balance and shall be immediately due and payable.
- 1.14.3 Delinquent Bills - If any consumer becomes delinquent in the payment of water bills, as set in the preceding paragraph of this rule, the Company will, at its discretion and within the guidelines set out below, turn off the water service at the premise on which such delinquency exists. The Company reserves the rights to refuse reconnection of service at the premise until the customer has fulfilled his obligations as herein set out.
- 1.14.4 Overdue Notice - Not less than twenty-one (21) days after the original billing, any customer who has failed to pay the amount due shall be notified that the account is overdue, and setting forth a day, not less than seven (7) days after the date of notification, water service will be turned off.
- 1.14.5 Responsibility for Service Found On Usage - In cases where a service is found on unauthorized (SFO), the owner/landlord will be held responsible unless for the timeframe in question, the Company has been provided a written lease between Owner and Tenant specifying that Tenant is responsible for the water bills.
- 1.14.6 Hearing Officer - The President shall appoint one or more of the Company's employees to act as hearing officers to hear concerns by customers relative to disputed water bills.
- 1.14.7 Administrative Hearing - Promptly upon receipt of notice from any customer that a bill is disputed, said customer shall be notified of the date of the administrative hearing which shall be held at the offices of the Company. At this hearing, the hearing officer shall carefully consider all of the evidence presented and, at the conclusion of the hearing, shall advise of the Company's final determination as to the amount due. If for any reason, the hearing officer is unable to render a decision at the conclusion of the administrative hearing, he / she will mail the customer a written notice of his / her decision as soon as possible. The hearing officer shall have the authority to reaffirm the amount owed, to excuse all or any part of the amount owed, or to refund or apply credit to the account. The hearing officer's decision shall be the final decision of the Company.
- 1.14.8 Shut Off After Administrative Hearing - If the decision of the hearing officer is to the effect that some amount is still owed to the Company, and that amount is not paid within three (3) days after either a decision of the hearing officer at either the conclusion of the hearing or receipt of

written notice of the decision to the customer, the Company will turn off said customer's service without further notice.

- 1.14.9 Notice of Shut Off and Non-Payment Fee – Prior to turning off water service for non-payment, the Company will attempt to contact customers by phone and through a final bill notice mailed to the address listed on the account. The final bill notice will indicate the disconnect date. If the customer's payment is not received before the disconnect date, the customer will be charged a non-payment fee and the service will be scheduled for disconnection.
- 1.14.10 Restoring Services – In order to restore water service that has been turned off due to non-payment, the customer must pay the full account balance including any fees prior to restoration.
- 1.14.11 Returned Check Fee - Should any check received by the Company from a customer for water service be returned by the bank upon which it was drawn, the Company will charge the customer the Board approved charge then in effect, which, together with the full amount for which the check was presented, must be paid immediately or water will be discontinued. In the event such water service is discontinued because of this rule the water service will not be restored until the charges referred to in section 1.14.9 shall have been paid in addition to the charges imposed by this paragraph.
- 1.14.12 Combined Billing - Where more than one metered service serves a single premise, and
- service pipes are not inter-connected within the customer's premise, and
 - the entire consumption within the premise cannot be supplied by any one existing service, and
 - any one existing service cannot be enlarged to supply the full requirement of the premise because of the capacity of the Company's grid system, and
 - with prior approval by the Company the readings of the meters on these services may be combined for computing the bill for water used at the premise.

If the premise is also billed for waste water volume that is based on total water consumption, this combined meter reading will be used for computing the waste water volume charge. When waste water volume charges are based on water consumption, the same meter reading calculation method must be used in computing each charge on any one bill.

The foregoing provisions notwithstanding combined billing cannot be permitted if the charge for water registered by one of the meters is exempt from the State Sales Tax while the charge for water registered by a second such meter is not so exempt.

- 1.14.13 Fees for Activities and Services Performed by Company - Fees for activities and services performed by the Company (including but not limited to shut-off and/or restore service, service found on unauthorized (SFO), and leak detection) are approved annually by the Board and are determined from the average actual costs of performing these services. The Company may also establish fees for other services based on the actual cost of the service and approval by the Board.
- 1.14.14 Cross Connection Control Charge - The Company may charge a fee for monitoring services to prevent or minimize the risk of cross contamination to the public water supply pursuant to Rule 2.0.

- 1.14.15 Existing Service Activation Fee - When a water service is activated at an existing service location other than for non-payment of water bill as outlined in 1.14.9, the Company will charge the customer requesting the service activation the Board approved charge then in effect for activating the service.
- 1.14.16 Existing Service Deactivation Fee - When a water service is deactivated at an existing service location other than for non-payment of water bill as outlined in 1.14.9, the Company may charge the customer requesting the service deactivation the Board approved change then in effect for deactivating the service.
- 1.14.17 Backbilling and Billing Refunds – In cases in which the Company determines accounts have had usage but have not been billed or have been underbilled, the Company may bill retroactively for the period identified as not being billed or being billed for less usage than actual but not to exceed two years retroactively from the date the Company notifies the customer. In the case of an overcharge, the Company may issue refunds for up to four years of overcharges less actual bills incurred.
- 1.14.18 Elevated Service Charge: All customers receiving service at Hydraulic Grade Line (HGL) other than elevation 660 feet mean sea level shall pay an elevated service charge as established by the Board of Water Works and published in the tariff because service to those customers requires additional energy transfers in the form of booster pumping or, in some cases, booster pumping followed by pressure reduction.
- 1.15 Fire Protection Services & Charges**
- 1.15.1 General - Services for fire protection, standpipes, and automatic sprinklers will be installed at the expense of the applicant.
- 1.15.2 Use of Fire Service - Persons or applicants desiring such services shall be granted them provided the intended use is for preventing or extinguishing fires or testing the fire protection system and shall not be used as a potable water supply. In the event of any unauthorized use, the Company, at its option, may discontinue the service or services or install meters, with prior notice, at the expense of the customer, to control the entire flow on such services. Should water be used for any other purpose, such usage will be billed at the established retail water rates.
- 1.15.3 Fire Service Charges - The charges for fire protection service will be made in accordance with the rate schedule, and will be billed monthly or as the Company may hereafter designate. The charge for water used, estimated from the meter registration, will be billed in addition to the scheduled monthly service charge at the established water rates without application of the minimum bill or allowable use. Water used for extinguishing fires or testing the fire protection system will not be billed provided a certificate of such use from a fire insurance underwriter or the fire department is submitted to the Company. Fire services will continue to be billed unless the service is discontinued in accordance with 1.13.2.
- 1.15.4 Combined Residential Domestic / Fire Services – Residential customers may install a fire protection sprinkler system in combination with their domestic service provided:
- a. Sprinkler system complies with the most current version of NFPA 13D.
 - b. All private plumbing complies with State and local plumbing codes.
 - c. A Double Check Valve assembly (A.S.S.E. 1015) or a RPP assembly (A.S.S.E. 1013) is installed in accordance with 2.01.4.

- d. The domestic / fire service provides potable water to residential single-family or duplex dwellings only.
- e. Designation of Combined Residential Domestic / Fire Service must be made at the time of application for water service to receive consideration for billing as outlined in 1.15.3.
- f. The residential domestic / fire service shall not exceed 1 1/2-inch in nominal size.
- g. No hydrants, public or private, are permitted to be connected to residential domestic / fire private service lines, plumbing or piping.
- h. Any variance to the requirements of this section must be approved by the Company's Chief Engineer or designee.

1.15.5

Combined Commercial Domestic / Fire Services - Commercial customers may install a limited area fire protection sprinkler system in combination with their domestic service provided:

- a. All private plumbing complies with State and local plumbing codes.
- b. Fire sprinklers installed by a Plumbing Contractor, as required in the NFPA 13R and 13D, or a limited area sprinkler system installed by others will have a branch line serving a sprinkler head, or heads, from an interior, domestic supply line with a Double Check Valve assembly (A.S.S.E. 1015) or a RPP assembly (A.S.S. E. 1013) located on the branch line as close as practical to the supply line tee.
- c. Shutoff valves on the backflow prevention device must be supervised in the open position.
- d. The installing party is responsible for sizing the water service line and meter to adequately supply the fire demand and domestic requirements.
- e. Designation of Combined Commercial Domestic / Fire Services must be made at the time of application for water service or prior to installation of the limited area fire sprinkler system to receive consideration for billing as outlined in 1.15.3.
- f. No hydrants, public or private, are permitted to be connected to the commercial domestic / fire service private service lines between the meter vault and the interior of the building.
- g. Combined Commercial Domestic / Fire Services may only be installed on commercial domestic services that are a nominal size of 1-inch, 1½-inch and 2-inch.
- h. Any variance to the requirements of this section must be approved by the Company's Chief Engineer or designee.

1.16

Estimating of Consumption

1.16.1

Estimated Bill - In the event a Company representative or hired contractor representing LWC cannot gain access to a customer's meter for the purpose of visually or electronically retrieving the meter reading, or in the event of inclement weather, the Company will calculate an estimate of the consumption registered by that meter since the date the meter was last read. The customer will receive a bill calculated on the estimated consumption. The bill will be treated by the Company as if the reading of the meter had actually been determined visually or electronically.

The Company will make every effort to ensure that a customer's water consumption is not estimated for more than two consecutive bills when the consumption estimation is due to issues that are LWC's responsibility to correct. Examples of situations that prevent LWC from reading the meter include, but are not necessarily limited to, mud in the vault, dial maintenance, or a service that needs to be raised. When consumption estimation is caused by issues outside LWC's control and reasonably within the customer's control, the Company will attempt to contact the customer to explain the need to access the meter and that bills will be estimated until the issue(s) is resolved. Examples of situations that prevent LWC from reading the meter but are outside of LWC's control would include, but are not limited to, construction, parked car, brush over the meter vault, vicious animal(s), or other obstructions.

- 1.16.2 Inaccurate Meter - When a meter is found to be inoperative and does not correctly register the amount of water passing through it, the Company will calculate an estimate of the consumption registered by the meter since the date of the last accurate meter reading and prepare a bill based on the estimated usage. The bill will be treated by the Company as if the meter had been correctly registering the water usage.

2.0 **CROSS CONNECTION AND BACKFLOW PREVENTION**

Backflow Prevention – Backflow prevention is required to protect the public water supply from contamination. All costs associated with the Cross Connection Control program including the installation, maintenance, testing and monitoring of the backflow prevention device are the responsibility of the customer. The Company requires a test on initial installation and annually thereafter. The backflow prevention device test report must be submitted to the Company Cross Connection Control Department.

2.01 **Backflow Prevention, Foreign Supplies, Existing Water Service, and Dual Service Supplies**

2.01.1 Backflow Testing - A Company-recognized certified technician must test the backflow device and submit test results to the Cross Connection Control Office for Company records. A Company-recognized certified technician is one who has completed and passed a backflow prevention training course presented by

- University of Southern California Foundation for Cross Connection Control and Hydraulic Research,
- American Backflow Prevention Association,
- University of Florida Training, Research, Education, Environment, Occupation (TREEO) Center,
- Local Plumbers and Pipefitters #502,
- Plumbing Heating Cooling Contractors Association,
- Bluegrass Cross Connection Control Association,
- Jefferson Community and Technical College,
- or another training course if the certified technician provides training documentation and proof of completion to the Company Cross Connection Control Office that, in the decision of the Company, meets the requirements set forth for the previous Company-recognized backflow prevention training programs.

The Company will provide a notice once a year to the customer that the backflow device on the service line is required to be tested.

2.01.2 The following are the Company-approved backflow prevention assembly requirements:

- a. All commercial and industrial water services shall be required to have a Reduced Pressure Principle (RPP) assembly (A.S.S.E. 1013).
- b. All irrigation services shall have a RPP assembly or a Pressure Vacuum Breaker (PVB) assembly (A.S.S.E. 1020).
- c. Apartment buildings and multi-family structures that are served with one metered service that are three-plex or greater must have a Double Check Valve assembly (A.S.S.E. 1015).
- d. All RPP (A.S.S.E. 1013) and Double Check Valve (A.S.S.E. 1015) assemblies installed on water service lines shall have a strainer before the backflow device. The strainer must be FDA approved for potable water.
- e. Any customer that utilizes a booster pump, approved by the Company's Chief Engineer or designee, for commercial, industrial, irrigation, or fire service must install a RPP assembly (A.S.S.E. 1013) before the pump.
- f. All livestock services shall have a Double Check Valve or RPP assembly as required by the Company.
- g. Only backflow prevention assemblies that meet or exceed manufacturer's specifications as approved by LWC shall be installed.

- 2.01.3 Existing Water Service – Commercial customers with an existing water service that poses a hazard to the public water supply or that are re-plumbing their water service must install, at owner's expense, a Company approved backflow prevention device. The customer may be contacted by letter that indicates the Company does not have a record of a backflow prevention device located at the premises. The customer will be given a time frame by the Company to complete the work and to send the test results to the Cross Connection Control Office. A site visit by Company staff may also be utilized in the process of identifying customers that are required to have backflow prevention.
- 2.01.4 Fire Service Backflow Protection – Backflow protection devices will be installed in accordance with the following unless otherwise specified under 1.15.4, 1.15.5, or 2.01.1.
- a. Any private wet or dry pipe fire protection system that presents a moderate hazard to the public water supply will be required to have a detector check valve fire service assembly installed by the Company and an alarm check valve installed by the applicant.
 - b. Any private wet or dry pipe fire protection system that presents a severe hazard to the public water supply will be required to have a Double Check Valve assembly (A.S.S.E. 1015) or a RPP assembly (A.S.S.E. 1013). A severe hazard to the public water supply is where the private wet or dry pipe fire protection system includes:
 - A fire pump (requires a Double Check Valve assembly (A.S.S.E. 1015) or a RPP assembly (A.S.S.E. 1013) to be installed before the pump and approved by the Chief Engineer or designee),
 - A chemical fire protection system, or
 - Any other source of water.
 - Any condition that presents a health related risk to the public drinking water supply.
- 2.01.5 Combined Residential Domestic / Fire Service and Combined Commercial Domestic / Fire Service – Any private fire sprinkler system that is served by the domestic water piping (typically residential and small commercial use), shall have a Double Check Valve assembly (A.S.S.E. 1015) or RPP assembly (A.S.S.E. 1013) installed on the domestic water branch serving the fire sprinkler heads.
- 2.01.6 Foreign Supplies – Whenever a customer utilizes a well, cistern, or other water source for emergency backup to the Company water supply, the internal piping must be separated from the Company supply by a RPP assembly (A.S.S.E. 1013) or a physical air-gap of not less than six inches or 2 times the feed pipe diameter, whichever is greater. The RPP assembly (A.S.S.E. 1013) must be maintained and tested as required by Rule 2.01.1.
- 2.01.7 Dual Services – Where dual service supplies are deemed necessary and are approved by the Company's Chief Engineer or designee, the private service lines serving water from the Company's public water supply system must be protected by a RPP assembly (A.S.S.E. 1013). The RPP assembly (A.S.S.E. 1013) must be maintained and tested as required by Rule 2.01.1. A dual service is specifically defined as two or more of the same type of service connections (domestic, fire, irrigation, etc.) as set forth under 1.04 from the public water supply to a common premise.
- 2.01.8 Fountains, Swimming Pools, and Aquariums – Fountains, swimming pools, and aquariums must be constructed so that the inlet water supply serving the installation must be separated from the Company supply by a RPP assembly (A.S.S.E. 1013) or a physical air-gap of not less than six inches or 2 times the feed pipe diameter, whichever is greater installed in accordance with

Louisville Metro Health Department, Regulation No. 900.1107, Section (b).

- 2.01.9 Right to Inspect – LWC reserves the right to inspect all private plumbing for those water services described in Rule 2.01.1 to verify compliance with the requirements of Rule 2.012 during normal business hours or as arranged with the customer by LWC.
- 2.01.10 Failure to Comply – Failure to comply with any of the cross connection control rules set forth in this section will result in the water being turned off at the discretion of the Company, with notice. The private service lines must be inspected and approved by the Cross Connection Control Office before the water supply will be restored.
- 2.01.11 Exceptions – Variances to the requirement set forth under Section 2.0 CROSS CONNECTION CONTROL AND BACKFLOW PREVENTION must be approved by the Chief Engineer or designee.

3.0 WATER MAIN EXTENSIONS FOR RETAIL SERVICE AREA

3.01 General Policy for Extensions

- 3.01.1 General - The Company will extend water mains upon proper application to serve an applicant, a customer, or customers, within its retail service area, provided that, in the sole opinion of the Company, the extension is feasible, practical, adheres to good operating practice, where such extension will not affect the adequacy, quality, pressure or quantity of service to existing customers and will not otherwise impair the service or financial structure of the Company. Extensions will be in accordance with the service rules and with the express approval of the Board of Water Works except that the President, Chief Engineer, or designee may approve extensions which comply with these rules where the contract cost to the Company does not exceed the then current contract authorization level delegated to staff.
- 3.01.2 Extension Methods - There are recognized methods of extending mains depending on the circumstances:
- a. Tapping Fee Method,
 - b. Refunding Method,
 - c. Two-Thirds Majority Method,
 - d. Apportionment Warrant Method, and
 - e. Rebating Method.
- 3.01.3 Extension Approval - No application for a water main extension shall be construed as binding upon the Company until it has been approved as provided herein and signed by the Chief Engineer or designee. Any deposit made with an application shall not be construed as an acceptance thereof; and the Company expressly reserves the right to return said deposit at any time prior to its acceptance and approval less expenses incurred by the Company on said application as hereinabove set out.
- 3.01.4 Compliance with Applicable Rules and Regulations; Contract Required - No application for water main extensions shall be approved by the Company until the applicant has entered into a contract with the Company and has furnished satisfactory evidence of full compliance with all pertinent laws, rules, and regulations, including providing an approved plat of any proposed subdivisions together with construction plans, waste water drawings, and fire protection district approved fire hydrant location plans.
- 3.01.5 "Tap" Defined - For the purposes of Service Rule 3, a tap is defined as a separately metered and billed service connection. An extension of the water main by the Company or a third party shall not be considered as a tap.
- 3.01.6 Company Extensions - The Company, acting on its own motion, may install mains, which in its opinion are needed to reinforce its distribution system or to serve as a supply source for a remote area, such installations to be made wholly at the expense of the Company. Upon application, service connections may be made thereto, with the payment of the applicable tapping fee at the time the main was installed.
- 3.01.7 Minimum Extension Length - The minimum length of a water main extension shall be to the far property line for properties with public right-of-way or public water easement frontage 100 feet in width or less, and to the midpoint of the property for properties with public right-of-way or public water easement frontage greater than 100 feet in width.

- 3.01.8 Ownership / Control - After the installation of an approved extension, the extension shall become the sole property, and be under the exclusive control and management of the Company, and the Company shall have the right to make further extensions or to make connections thereto for other extensions, for itself, and for other parties who may make proper application, all without the consent or compensation (except where required by contract) of the applicant for whom the original extension was made.
- 3.01.9 Rights-of-Way and Easements - No application for water main extension will be approved until or unless the streets or roadways or other public easements in which they are to be installed have been shown on a final subdivision plat intended for public dedication or easement and recordation or legally dedicated to public use in compliance with the pertinent statutes, ordinances, rules and regulations of the appropriate public agency, or accepted as dedicated public ways by municipalities, County Fiscal Courts, Metro Councils or State agencies by recorded deeds, or easement granted to the Company by the applicant, or easements are obtained for the Company and such dedication or easement permits installation of public water service facilities. Where mains are installed based on a final subdivision plat and the plat is subsequently changed, the Company retains its right to recover from the developer any damages or costs incurred as a result of such plat changes and the Company retains its right to require the developer to procure and provide to the Company, at the developers sole cost and expense, any easements specified by the Company for the main extensions and future main extensions.
- 3.01.10 Street Grade Restriction - The Company reserves the right to refuse to install or accept a water line unless the final grade of the street has been established in accordance with government regulations. In the event that the grade of the street changes after the water main is constructed, LWC reserves the right to not accept the water main.
- 3.01.11 Size of Water Main – In order to meet the water flow requirements set forth under the current Fire Hydrant Ordinances (Bullitt County, Louisville Metro, and Oldham County) and for public water supply operational needs, minimum pipe diameters are established as follows based upon the type of development: residential 8-inch; commercial 12-inch; industrial 16-inch. Exceptions may be approved by the Chief Engineer.
- 3.01.12 Betterment - The Company may install a pipe line of larger size than is required for service to the applicant. In this event, the total project cost entering into the computing of the deposit and cost to the applicant shall be on the basis of that required to install the size pipe required for service to the applicant in accordance with all State and local requirements. The Company will bear the incremental cost of materials associated with upsizing the mains up to and including 12 inches in diameter. The applicant will bear the full cost for installations, labor, and rock excavation associated with upsizing the mains up to and including 12 inches in diameter water mains. For mains being upsized to larger than 12 inches in diameter, the Company will bear the incremental cost of material, installation, labor and rock excavation associated with upsizing the water main. This applies to all main extension methods.
- 3.01.13 Cost of Fire Hydrants - The cost of the water main extension shall include the cost of the fire hydrants if such are required by the governing authority or local laws and regulations.
- 3.01.14 Elevated Service Area - If the request for water main extension cannot be approved because it is in an elevated area requiring high pressure such that the distribution mains that would normally serve the area cannot provide pressure for adequate service (minimum 40 psi) the Company may,

at its sole option, require a pumping station and / or storage tank as a part of the main extension project at the applicant / developer's cost.

- 3.01.15 One Hundred Lot Rule – Water main extensions shall be equipped with a sufficient number of valves so located that breakage or other interruption will not cause the shutdown of any substantial portion of a main. At such time that 100 building permits have been issued for construction in a subdivision development, a second water main into the development will be required to provide water to the development as a secondary supply and shall be so located that breakage or other interruption will not cause the shutdown of any substantial portion of the development. (Louisville Metro Ordinance No. 187-2003). Subsequent water main grid-ties will be required with each incremental 100 building permits issued in said subdivision.

Similarly, apartments or multi-unit premises exceeding 100 units will be required to have a secondary supply.

3.02 Developer Tapping Fee Extension Method

- 3.02.1 Cost of Extension - When the request for a water main extension requires, at the sole decision of the Company, installation of supply mains not located within the area to be served, the extension applicant (including, but not limited to developers) shall pay the Company for the cost of installation including, but not limited to charges and costs for labor, material, easements, equipment, and engineering services for such system improvement. The applicant shall deposit with the Company a check, or a certified irrevocable letter of credit from an institution on the Company's list of approved institutions, equal in amount to the Company's estimated cost. Such initial deposit, once accepted by the Company, shall not be subsequently substituted with another form of payment. This deposit shall be made in advance of construction and, upon completion of the work, final payment and / or refund shall be adjusted to the actual cost incurred by the Company.
- 3.02.2 Design Standards - All main extensions installed by third parties pursuant to this rule shall be constructed in accordance with Company design and construction specifications and inspected by Company. The Company shall determine the size of water mains to be installed and payment for the installation of the main shall be as stated in Rule 3.01.11.
- 3.02.3 Collection and Payment of Tapping Fees - An extension applicant may charge other applicants wishing to receive water service along the tapping fee main extension a "tapping fee" as may be authorized by the Company for the privilege of tapping said main extension for the purpose of installing service connections to supply water to the property abutting. This tapping fee shall be established at the time the main extension application is approved and should represent a fair proportion of the cost of the main extension, in accordance with the regular Schedule of Tapping Fees in effect at the date of acceptance of application for main extension, unless a higher amount is approved by the Board of Water Works. The sum or sums, when approved by the Company, shall be paid by the other water service applicants to the Company. The Company, after making a record of same, shall annually pay such approved sum or sums to the applicant installing the main extension or its assignee.
- 3.02.4 Waived Tapping Fee Privileges - The applicant, by written notice to the Company, shall have the right to waive the tapping fees, in full or in part, to any person or persons including the applicant itself. However, any or all tapping fees waived shall be considered by the Company as counting toward the installation costs paid by the applicant and therefore, having been received and

remitted to the applicant and included in the total for the purpose of determining whether or not the applicant has been refunded his installation costs.

3.02.5 Recovery Period - If within 20 years of the date the water main is placed in service, the aggregate amount of tapping fees charged equals the amount paid by the extension applicant for the construction of the main extension or improvement, without interest, then no further tapping fee charges shall be collected and refunded to the extension applicant.

If the cost of installing the main is not fully recovered by the extension applicant within 20 years from the date the main is placed in service, the right of the applicant to receive tapping fees from third parties for the privilege of tapping said main cease 20 years after the date of installation of the tapping fee main extension.

3.02.6 Acquired or Merged Systems - Customers to be served through systems acquired by or merged with the Company shall continue to receive tapping fees as set out in the contract for installation as of the date system is acquired or merged. All tapping fees for mains installed or under contract after the date of acquisition are governed by the subsections of this rule.

3.03 Refunding of Installation Cost Extension Method

3.03.1 Application - When the request for a water main extension relates to a new development the applicant/developer wishing to have the water main extended has the following options upon depositing with the Company, either by check or an irrevocable letter of credit from an institution on the Company's list of approved institutions, an amount equal to the estimated costs, as determined by the Company, of any labor, material, equipment, easements and engineering services:

- a. entering into a contract with the Company for the Company to undertake all design and installation work with reference thereto, or
- b. entering into a contract with the Company permitting the developer to contract with a Company prequalified installation contractor for the main extension installation work to be performed in accordance with Company specifications and subject to Company inspection.

Upon completion of installation of the main extension, under either method, the actual cost incurred by the Company shall be determined. If the actual cost is found to be less than the amount deposited, the excess amount shall be refunded to the applicant. If the actual cost is determined to be more than the amount deposited, then a supplemental bill shall be rendered to the applicant for payment within 30 days.

The entire cost of fire hydrant installations shall be borne by the applicant/developer. The applicant/developer's actual cost of the project shall be established as the maximum refund amount permitted herein.

3.03.2 Refund for Projects Utilizing 5/8 x 3/4" Services or with Confirmed Sizing for Larger Services - After the project has been completed and placed in service, the Company shall refund to the applicant/developer the present value for each 5/8 x 3/4" domestic service connection projected to be in active service upon the ten year anniversary of completion of the main extension. Refunds for domestic services larger than 5/8 x 3/4" are based upon the equivalent unit of the service size as compared to the 5/8 x 3/4" and must be based on firm construction plans of the development showing the building design and size of the water service at the time the Refunding Contract is executed. If the construction plans are not finalized and/or the size(s) of the water service(s) larger than 5/8 x 3/4" are not defined at the time the Refunding Contract is

executed, the refunding method shall follow the procedure outlined in section 3.03.3.

- a. Refund Schedule – The refund amount shall be determined by the amounts shown on the table below, based on the billing size of the domestic water service to be connected to the main for which the applicant/developer advanced funds for construction:

<u>Billing Service Size</u>	<u>Annual Refund Amount</u>
5/8" x 3/4"	\$ 25.00
1"	\$ 42.00
1 1/2"	\$ 83.00
2"	\$ 133.00
3"	\$ 261.00
4"	\$ 417.00
6"	\$ 833.00

- b. Refunding Period – Refunds shall be made one time within 120 days of closing out the contract and LWC's acceptance of the water main. The period for the refunding calculation shall be ten years.
- c. Refunding Calculation – The refunding calculation shall be based on a projection that 90% of building lots will have active water services upon the ten year anniversary of project completion. The build-out projection shall be 15% in year 1 and shall increase an incremental 15% in each subsequent year through year 5; i.e., active services are assumed to be in place on 75% of lots on the 5th anniversary of project close-out. In years 6-10, it is assumed that an incremental 3% of lots per year will obtain active water services such that 90% of all lots will be served by year 10. The refund shall be the calculated based on the present value of the sum of the annual refund amounts. An annual discount interest rate of five percent (5%) will be used in the computation. The annual refund for a 5/8 x 3/4" service is calculated by taking the annual residential revenue from water sold from all LWC residential customers divided by the number of residential customers times 10 percent and is initially set at \$25. This value will be adjusted every 5 years (i.e., 2017, 2022, etc.) based on the previous 5 year average of the annual residential revenue from water sold divided by the number of residential customers times 10 percent. Refunds for services larger than 5/8 x 3/4" are based upon the equivalent unit of the service size as compared to the 5/8 x 3/4" and must be based on firm construction plans of the development showing the building design and size of the water service.

The refunding calculation shall be performed in accordance with the following present value formula:

$$\text{Refund} = (A \times N_1) + (A \times N_2) / (1+i)^{n2-1} +$$

$$(A \times N_3) / (1+i)^{n3-1} \dots (A \times N_{10}) / (1+i)^{n10-1}$$

A = Applicable Annual Refund Amount

N = Number of Projected Active Domestic Services by Size in Year 1-10

n = Year 1-10

i = Annual Discount Rate

- d. Upon payment of the refund, the Company's refunding obligation to the applicant/developer shall be fulfilled. In no event shall the refund be greater than the cost of the main extension without interest. Service installation costs will not be included in determining the cost of the main extension. LWC has the right to offset any outstanding balance owed by applicant/developer for the project by any refund due the applicant/developer.

3.03.3

Refund for Projects Utilizing Unconfirmed Size(s) of Services Greater than 5/8 x 3/4" - If firm construction plans and/or if the size(s) of domestic water service(s) greater than 5/8 x 3/4" are not available at the time the Refunding Contract is executed, the refunding amount will be based on the present value of each domestic service connection in active service on the main extension in accordance with the following:

- a. Refund schedule – The refund amount shall be determined by the amounts shown on the table included in section 3.03.2 (a), based on the billing size of the water service for each active domestic service actually connected to the main for which the applicant/developer advanced funds for construction and for which a minimum bill is being collected on the 2 year in-service anniversary date.
- b. Refunding Period – Refunds shall be made one time within 120 days after the main's 2 year in-service anniversary date. The period for the refunding calculation shall be ten years.
- c. Refunding Calculation – The refund shall be calculated based on the present value of the annual refund amount of each active domestic service actually connected to the main on the 2 year in-service anniversary date, for which the applicant/developer advanced funds for construction and for which a minimum bill is currently being collected, which is to be discounted for a ten-year period at an annual discount rate of five percent (5%).

The refunding calculation shall be performed in accordance with the following present value formula:

$$\text{Refund} = ((\Sigma(A \times N)) * [((1 + i)^n - 1)/(i * (1 + i)^n)])$$

A = Applicable Annual Refund Amount

N = Number of Active Domestic Services by Size

n = Refunding Period in Years

i = Annual Discount Rate

- d. Upon payment of the refund, the Company's refunding obligation to the applicant/developer shall be fulfilled. In no event shall the refund be greater than the cost of the main extension, without interest. Service installation costs will not be included in determining the cost of the main extension. LWC has the right to offset any outstanding balance owed by applicant/developer for the project by any refund due the applicant/developer.

3.04

Two-Thirds Majority Tapping Fee Extension Method

3.04.1

Application - The Two-Thirds Majority Tapping Fee Extension Method is available to property owners meeting all of the following criteria:

- a. Ownership of their property is in fee simple;
- b. Property is located partially in or entirely in the Company's retail service area as determined by the presiding county's property valuation administrator (PVA);
- c. The property must be located along a publicly dedicated right of way;
- d. There is no water main extension to the property along a publicly dedicated right-of-way or a Company easement; and

- e. The frontage length of the property along the publicly dedicated right-of-way is the same as it was on or before December 31, 2002.

3.04.2 Cost of Extension – The extension applicant including, but not limited to property owner(s) or designee(s) shall pay the Company for the cost of installation including, but not limited to charges and costs for labor, material, easements, equipment, and engineering services for such system improvement. When the request for a water main extension requires installation or enlargement of supply main(s) not located within the area to be served, the extension applicant (including but not limited to property owners, the Company and assignees) shall pay the Company for the cost of installation including, but not limited to charges and costs for labor, material, easements, equipment, and engineering services for such system improvement.

The Company shall determine the size of water mains to be installed and payment for the installation of the main shall be as stated in Rule 3.01.11.

3.04.3 Design and Construction Standards – All main extensions installed by third parties pursuant to this rule shall be designed in accordance with Company design criteria, construction specifications and standard drawings, constructed by an approved vendor or contractor prequalified by the Company, and inspected by the Company or its representative.

3.04.4 Tapping Fee – Each premise's share of the cost shall be established by a distribution of the total actual costs of the main extension, including but not limited to charges and costs for labor, material, easements, equipment, and engineering services for such system improvement. The equitable share shall be determined by distributing the total actual cost on an equal basis to the number of improved premises to be served by the extension. This tapping fee shall be established at the time the main extension application is approved and should represent a fair proportion of the cost of the main extension, in accordance with the regular Schedule of Tapping Fees in effect at the date of acceptance of the application for main extension, unless a higher amount is approved by the Board of Water Works.

For the purposes of this rule, an improved premise shall be defined as each separately deeded tract having improvements that result in a residence, place of business, or industrial installation requiring day-to-day domestic water service. At the election of the property owner, the property owner of an unimproved tract may decide to be a participating premise. This premise will be included in the number of improved premises to be served by the extension, therefore being included in the majority determination for that main extension. If that majority determination is greater than two-thirds, the premise will pay a tapping fee upon application for service. The tapping fee will be an equitable share as determined by the method defined in this section for the main extension serving the unimproved tract.

3.04.5 Payment Method – Upon completion of the main extension, applicants for water service shall pay the established tapping fee, or make payment arrangements with the Company.

3.04.6 Subsequent Connections – Subsequent connections may be made on the same terms as the original applicants until such time as the cost of the main extension is paid. This tapping fee shall be the same as established for the original applicants in section 4.0 Tapping Fees.

3.04.7 Recovery Period - Tapping fees for additional service connections to the main may be collected by the Company until such time as the Company recovers the cost of the extension without

interest, or a maximum of twenty (20) years after the date the main is placed in-service, whichever is earlier.

- 3.04.8 Subsequent Extensions – The tapping fee in effect for each two-thirds tapping fee main extension shall not apply to customers taking service from a subsequent extension of the initial main extension regardless of the extension method of the subsequent main extension.

3.05 Apportionment Warrant Extension Method (KRS 96.265)

- 3.05.1 General - When the request for the extension is in the form of a petition signed by a majority of property owners in an unserved area of Jefferson County as contemplated under Section 96.265 of the Kentucky Revised Statutes, the Company will institute proceedings as set forth therein. Such extension must be recommended by the Board of Water Works and authorized by the appropriate legislative body with the cost to be apportioned among the benefited properties. When the extension is completed, apportionment warrants, payable either immediately or over a Board designated period bearing interest as set forth therein, are issued and a lien filed against each parcel of property to which service is available from the extension, regardless of whether service is taken. Property owners interested in pursuing the apportionment warrant extension method should familiarize themselves with KRS 96.265 prior to soliciting signatures on the petition.

- 3.05.2 Apportionment Warrant Tapping Fees - Whenever a water main is extended through the Apportionment Warrant Extension Method, the Company may collect tapping fees as set out in these rules for additional service connections to the main after the original apportionment warrants have been issued, until such time as the Company recovers the cost of the extension, or a maximum of twenty (20) years after the date the main is placed in service, whichever is earlier.

- 3.05.3 Extension by Private Agreement - KRS 96.265(11) also provides for main extensions by private agreement with owners of lots or tracts. Under such agreement the Company also obtains a superior lien against the lot or tract in an amount equal to the equivalent share per lot or tract.

3.06 Rebating Tapping Fee Extension Method

- 3.06.1 Application – The Company may allow a water main extension along an existing publicly dedicated right-of-way or a private road utilizing a Rebating Tapping Fee Contract when the following are completed:

- a. applicant(s) owns parcel(s) with frontage along such right-of-way or road on which the applicant(s) reside or conduct an established business,
- b. applicant(s) agree(s) to pay the Company for the cost of installation including, but not limited to charges and costs of labor, material, easements, equipment, and engineering services for such system improvement, and
- c. applicant(s) executes a Rebating Tapping Fee Contract with the Company for such extension of a publicly held water main which:
 - i. commits to the applicant's agreement to take water service within six (6) months of the main being placed into service, and
 - ii. either payment of an equitable share of cost or executing a promissory note and mortgage against said parcel in the amount of an equitable share of cost.

- 3.06.2 Equitable Share of Cost – The total actual cost of the main extension divided by the total number of applicant(s) shall be the equitable share of cost.

- 3.06.3 Collection of Tapping Fees – Other applicants wishing to receive water service along the Rebating Tapping Fee Main Extension shall pay a tapping fee which is equal to the equitable share of cost established at the time the main extension is completed. The Company shall make record of the collection of such tapping fees to said main extension.
- 3.06.4 Rebating of Tapping Fees – Once each calendar year, the Company shall rebate tapping fees collected in excess of the total actual cost of the main extension in a proportionate amount to each customer with an active service connected to the Rebating Tapping Fee Main Extension. Such rebate tapping fees collected in excess of the total actual cost of the main extension will be distributed on an equal basis to those customers. For the purpose of this rule the total of rebate tapping fees collected in excess of the total actual cost of the main extension shall be divided by the total number of customers with active services connected to the Rebating Tapping Fee Main Extension.
- 3.06.5 Recovery Period – Upon 20 years from the date the water main is placed in service, the tapping fee shall cease to be collected for any additional services connected to the Rebating Tapping Fee Main Extension. The last rebating of tapping fees as described in Rule 3.06.4 shall occur within one calendar year from the date the tapping fees cease to be collected.

3.07 System Development Charge Rule

- 3.07.1 General - All new water service connections (defined as a new tap on a water main) shall carry with them, in addition to any other applicable charges set forth in these service rules and regulations, a System Development Charge (SDC) in an amount prescribed by the Board of Water Works as in effect at the time of application. Any master meter installed in lieu of extending a public water main to provide service shall pay the applicable SDC. Fees collected under this SDC Rule shall be deposited by the Company in a fund dedicated to capital improvements that are necessary to rehabilitate or replace elements of the water system, or on improvements that are necessary for growth or to meet operability requirements, or on projects that are made necessary by regulation. Certain exemptions from this SDC are identified and include:
- a. Fire service connections.
- 3.07.2 Specific System Development Charge - The Board may establish specific System Development Charge rules in certain portions of its retail service area. Situations where specific rules apply may include, but are not limited to:
- a. incorporation of a new portion of retail service area previously owned by third parties;
 - b. acquisition of a new retail service area;
 - c. installation of specially required facilities in a defined portion of the retail service area; or
 - d. installation of specially required facilities in a Company leased distribution system.

3.08 Waterworks Facility Relocation

- 3.08.1 General Policy - The Company will relocate its facilities upon proper application and execution of a reimbursement agreement, provided that, in the sole opinion of the Company, the relocation is feasible, practical, and not contrary to good operating practice, and will be in accordance with applicable Company service rules and regulations. Relocation of facilities will be in accordance with the Company's "Technical Specifications and Standard Drawings for Pipeline Construction", latest edition.

- 3.08.2 Construction Procurement Options - When the request for a waterworks facility relocation is initiated, the Company, in its discretion, may offer the applicant one of the following options upon the applicant depositing with the Company either by check or an irrevocable letter of credit from an approved institution in an amount equal to the estimated costs, as determined by the Company, including any labor, material, equipment, easement and engineering services incidental to the construction of the relocation:
- a. entering into a contract with the Company for the Company to undertake all construction work with reference thereto, or
 - b. entering into a contract with the Company permitting the applicant to contract for the water facility relocation work to be performed by a contractor prequalified by the Company for the type of work and dollar amount associated with the requested water facility relocation, in accordance with the Company's "Technical Specifications and Standard Drawings for Pipeline Construction", latest edition, and subject to Company inspection.

Under either option, public agencies requesting relocations will be billed for the cost of the relocation. Developers or other private parties must use the option set out in 3.08.2(a) where the relocation will be within the public right-of-way.

- 3.08.3 Undepreciated Value of Assets to be Relocated or Abandoned - In those instances when an asset of the Company is being abandoned, and such abandonment has been agreed to by the Chief Engineer, the applicant requesting said abandonment shall pay to the Company the full remaining undepreciated value of the asset being abandoned.

In those instances when applicant-requested relocations result in the in-kind replacement of assets of the Company, the applicant will not be required to pay the undepreciated value of the assets being abandoned.

- 3.08.4 Cost Adjustment - Upon completion of the water facility relocation, under either method, the actual cost of the project to the Company shall be determined. If the actual cost is found to be less than the amount deposited, the excess amount shall be refunded to the applicant. If the

actual cost shall be determined to be more than the amount deposited, then a supplemental bill shall be rendered to the applicant for payment within 30 days. A detailed summary of actual costs will be made available to the applicant, upon request.

- 3.08.5 Ownership and Control - After the construction of an approved water facility relocation, it shall become the sole property, and be under the exclusive control and management, of the Company, and the Company shall have the right to extend such water facility or to make connections thereto for extensions, for itself, and for other parties who may make proper application for extensions, all without the consent or compensation of the applicant for whom the relocation was made.

- 3.08.6 Determination of Size of Water Main - Company may install a pipe line of larger size than the main being relocated. In this event, total project cost entering into the computing of the deposit and the cost to the applicant shall be on the basis of that required to relocate the existing size main, including the cost of material, labor and rock excavation. The applicant will bear the cost for installations, labor, and rock excavation associated with upsizing the mains up to and including 12 inches in diameter water mains. For mains being upsized to larger than 12 inches in diameter, the Company will bear the cost of material, installations, labor and rock excavation

associated with upsizing the water main.

- 3.08.7 Rights-of-Way and Easements - No application for water facility relocation will be approved until or unless the streets or roadways in which they are to be installed have been shown on a final subdivision plat intended for public dedication and recordation or legally dedicated to public use in compliance with the pertinent statutes, ordinances, rules and regulations of the appropriate public agency, or accepted as dedicated public ways by municipalities, County Fiscal Courts or State agencies by recorded deeds, or easements of sufficient size as determined by the Company are granted to the Company by the applicant, or are obtained for the Company and such dedication or easement permits installation of public water service facilities. Where mains are installed based on a final subdivision plat and the plat is subsequently changed, the developer retains the sole responsibility, and LWC retains the right to require the developer, to procure and provide to LWC, with no cost and expense to LWC, any and all easements specified herein including, but not limited to, changes and / or modification of the design due to engineering and / or field construction conditions.

4.0 TAPPING FEES

4.01 Tapping Fee Policy

Tapping fees, as per the regular schedule approved by the Board of Water Works, as the Board may otherwise designate, will be collected and retained by the Company from customers applying for water service to property abutting on pipe lines installed by the Company, at its expense, and also on pipe lines installed and paid for by others, as set forth in Section 3 of these rules.

4.02 Tapping Fee Schedule

The Tapping fee schedule will be reviewed annually and approved by the Board of Water Works.

4.03 Tapping Fees in Water Districts Leased

Tapping fees assessed on any water service connections to any water mains installed within the boundaries of water districts operated by the Company under Lease arrangement shall conform to the Schedule of Tapping Fees established by the Lessor water district.

5.0 FIRE HYDRANTS

5.01 General

Public fire hydrants shall be installed when required by the Company or by governing authority or local fire protection law, at the applicant's expense as a part of the water main extension.

5.02 Fire Hydrants Requested by Individuals or Agencies

The Company may install public fire hydrants on existing mains at the request of individuals or agencies (including local governments) at the Company's sole discretion. The applicant shall pay the cost of any labor, material, easements, equipment and engineering services associated with such installation.

5.03 Ownership of Fire Hydrants

Public fire hydrants shall become the property of the Company upon installation and acceptance.

5.04 Certified Flow Tests

Upon application and payment of a Board approved fee, the Company will perform a fire hydrant flow test certified by a Professional Engineer.

5.05 Private Fire Hydrants

Private fire hydrants are fire hydrants that are not owned or maintained by Louisville Water Company, which draw their water supply from a dedicated LWC fire service (Section 1.04.2) or private water supply (e.g. well, tank, lake, etc.).